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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
PENDLETON DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

STEVEN J. GAROUTTE; SUSAN M.
GAROUTTE; STEVEN J. GAROUTTE dba
SHOWCRAFT INDUSTRIAL; STATE
ACCIDENT INSURANCE FUND
CORPORATION; BONNEVILLE BILLING
AND COLLECTIONS, INC.; OREGON
DEPARTMENT OF REVENUE; ARTHUR L.
ROWE; J&L AUTO RESTORATION, INC.; and
CROOK COUNTY, OREGON,

Defendants.

Case No.

**COMPLAINT FOR FORECLOSURE
OF FEDERAL TAX AND
JUDGMENT LIENS**

The United States of America brings this action to collect outstanding federal tax liabilities, including statutory additions, owed by Defendants Steven J. Garoutte and Susan M.

Garoutte by enforcing a federal tax lien and judgment lien against certain real property located in Prineville, Oregon.

JURISDICTION AND VENUE

1. This civil action has been requested by the IRS Chief Counsel, a delegate of the Secretary of the Treasury, and commenced at the direction of a delegate of the Attorney General pursuant to 26 U.S.C. § 7401.

2. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1340 and 1345 and 26 U.S.C. §§ 7402(a) and 7403.

3. Venue is proper in the District of Oregon pursuant to 28 U.S.C. §§ 1391 and 1396 because the subject real property is located in this District, the underlying tax liabilities accrued in this District, and the underlying tax returns were filed in this District.

PARTIES

4. The Plaintiff is the United States of America.

5. Defendant Steven J. Garoutte is an individual who maintains an address at 23354 Judge Avenue, Punta Gorda, FL 33980-4823. Defendant Steven J. Garoutte owns real property located at 1942 Northwest Industrial Park Road, Prineville, Oregon 97754 (“the Subject Property”), described in Paragraph 13 below.

6. Defendant Susan M. Garoutte is an individual who maintains an address at 241 Northwest Greenwood Avenue, Redmond, Oregon 97756-1563, and may have or claim an interest in the Subject Property.

7. Defendant State Accident Insurance Fund Corporation is an entity headquartered in Salem, Oregon, and may have or claim an interest in the Subject Property.

8. Defendant Bonneville Billing and Collections, Inc. is an entity headquartered in Ogden, Utah, and may have or claim an interest in the Subject Property.

9. Defendant Oregon Department of Revenue is an entity headquartered in Salem, Oregon, and may have or claim an interest in the Subject Property.

10. Defendant Arthur L. Rowe is an individual who maintains an address at 4961 Southeast Sioux Loop, Prineville, Oregon, 97754-8965, and may have or claim an interest in the Subject Property.

11. Defendant J&L Auto Restoration, Inc. is an entity headquartered in Prineville, Oregon, and may have or claim an interest in the Subject Property.

12. Defendant Crook County, Oregon, is an entity headquartered in Prineville, Oregon, and may have or claim an interest in the Subject Property.

SUBJECT PROPERTY

13. The Subject Property is located at 1942 Northwest Industrial Park Road, Prineville, Oregon 97754, and is more particularly described as:

Parcel Two (2) of Partition Plat No. 1991-23 recorded October 17, 1991 in Partitions Microfilm No. 101438, Records of Crook County, Oregon, being a portion of Lot Three (3) of Prineville Industrial Park Subdivision.

14. Defendant Steven J. Garoutte entered into a land sale contract for the Subject Property, which was recorded in Crook County, Oregon on March 13, 2001. Defendant Steven J. Garoutte was later granted the Subject Property through a special warranty deed, which was recorded in Crook County, Oregon on March 1, 2021.

15. The United States may foreclose the interests of Defendant Steven J. Garoutte in the Subject Property to satisfy his individual tax liabilities dba Showcraft Industrial and joint and several tax liabilities with Defendant Susan M. Garoutte.

FEDERAL TAX LIEN

16. The IRS made an assessment for federal income taxes against Steven J. Garoutte and Susan M. Garoutte for tax year 2003 on November 8, 2004, pursuant to 26 U.S.C. §§ 6321 and 6322.

17. Penalties and interest have accrued and will continue to accrue on the unpaid assessment until paid in full pursuant to 26 U.S.C. §§ 6601, 6621, and 6622. The total balance and accruals of the assessment as of April 15, 2024, is \$7,942.47.

18. A federal tax lien arose against all property and rights to property owned by Defendants Steven J. Garoutte and Susan M. Garoutte upon the assessment for federal income taxes for tax year 2003 on November 8, 2004.

19. The federal tax lien arose and attached to Defendant Steven J. Garoutte's interest in the Subject Property on November 8, 2004.

20. The IRS recorded notice of the federal tax lien against Defendants Steven J. Garoutte and Susan M. Garoutte in Crook County, Oregon, on December 6, 2004, pursuant to 26 U.S.C. § 6323(a).

21. The IRS timely refiled notice of the federal tax lien against Defendants Steven J. Garoutte and Susan M. Garoutte in Crook County, Oregon, on November 10, 2014, pursuant to 26 U.S.C. § 6323(g)(3).

22. The federal tax lien continues to attach to Defendant Steven J. Garoutte's interest in the Subject Property.

23. The United States of America, by virtue of the federal tax lien that encumbers the Subject Property, is entitled to have the lien foreclosed and the Subject Property sold.

JUDGMENT LIEN

24. On June 27, 2006, judgment was entered in favor of the United States and jointly and severally against Defendants Steven J. Garoutte and Susan M. Garoutte in the amount of \$214,227.90 for unpaid federal income tax assessments for 1994, 1996, 1997, 1998, 1999, 2000, 2001, 2002, and 2003, as well as against Steven J. Garoutte dba Showcraft Industrial in the amount of \$28,483.52 for unpaid federal employment and unemployment tax assessments for several quarterly periods between December 1998 and September 2003. The judgment included statutory additions arising after May 5, 2006, pursuant to 26 U.S.C. §§ 6601, 6621, and 6622 and 28 U.S.C. § 1961(c)(1), until the judgment is paid in full. *See United States of America v. Garoutte, et al.*, Case No. 3:06-cv-00134-KI (D. Or. June 27, 2006).

25. The judgment created a judgment lien in favor of the United States that attached to the Subject Property when recorded in Crook County, Oregon, pursuant to 28 U.S.C. § 3201(a). The United States recorded Abstracts of Judgment in Crook County, Oregon, against Defendant Steven J. Garoutte on or about August 22, 2006, and against Defendant Steven J. Garoutte dba Showcraft Industries on or about August 31, 2006. The United re-recorded the latter Abstract of Judgment against Defendant Steven J. Garoutte dba Showcraft Industries and an Abstract of Judgement against Defendants Steven J. Garoutte and Susan M. Garoutte on or about June 27, 2011. The judgment lien has priority over all other liens and encumbrances recorded later in time pursuant to 28 U.S.C. § 3201(b).

CLAIM FOR ENFORCEMENT OF FEDERAL TAX LIEN AND JUDGMENT LIEN AGAINST THE SUBJECT PROPERTY

26. The United States incorporates all previous paragraphs.

27. The United States is entitled to enforce its federal tax lien and judgment lien against the Subject Property. The Subject Property should be sold free and clear of all rights, titles, liens,

and interests of the parties to this action, with an appropriate portion of the net proceeds to be distributed to the United States for the unpaid federal tax liabilities of Defendants Steven J. Garoutte and Susan M. Garoutte and to the other parties in accordance with the law.

PRAYER FOR RELIEF

WHEREFORE, the United States respectfully prays that this Court:

A. Determine that, based on the assessment for federal income taxes for tax year 2003, the United States holds a valid and subsisting tax lien against all real property in Crook County belonging to Defendants Steven J. Garoutte and Susan M. Garoutte, including the Subject Property;

B. Determine that the United States, based on the judgment in *United States of America v. Garoutte, et al.*, Case No. 3:06-cv-00134-KI (D. Or. June 27, 2006), and the filing of an abstract of judgment, has a valid and subsisting judgment lien against all real property in Crook County belonging to Defendants Steven J. Garoutte and Susan M. Garoutte, including the Subject Property;

C. Order that the tax lien and judgment lien of the United States be foreclosed against the Subject Property described in paragraph 13 above; that the Subject Property be sold; and that the proceeds from the sale be distributed to the United States and to other parties according to the respective priorities of their liens and interests in the Subject Property;

D. That the United States be awarded its costs and such other relief as is just and proper.

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Respectfully submitted,
Dated: August 21, 2024

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Deputy Assistant Attorney General

/s/ Anthony J. Iozzo
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